

THAMESWEY ENERGY LIMITED

BUSINESS PLAN 2018

Covering the Period 2018 - 2021

Address: 2nd Floor, Gloucester Chambers, Jubilee Square, Woking, Surrey GU21 6GA
Registered Address: The St Botolph Building, 138 Houndsditch, London, EC3A 7AR

Company Registration No.: 03772150
VAT Number: 742 6380 32

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1. Company Overview

Introduction

- 1.1 This business plan sets out the proposed priorities for Thameswey Energy Limited (TEL) to deliver the Thameswey Group companies' strategic objectives for the near future up to 2021.
- 1.2 The plan ensures that the focus of activity within this company is clearly aligned with those of Thameswey Limited, and ultimately with Woking Borough Council's strategic objectives for the Thameswey Group.
- 1.3 The plan refreshes the 2017 to 2020 business plan (approved by Council in December 2016). It identifies the business opportunities and priorities for investment in the near future, including the main capital projects that will require investment to enable TEL to deliver its objectives for the Council. During 2017, a business case was agreed by the Council to build a new energy station in Poole Road.

Purpose

- 1.4 Thameswey Energy Ltd was established to provide a long term strategy of sustainable energy infrastructure investment both within the borough of Woking and elsewhere, with the objective of securing reductions in carbon dioxide equivalent emissions. The company achieves this through its generation, distribution and supply of sustainable, low carbon and renewable energy to public, commercial and private domestic customers in the borough (and in Milton Keynes via its subsidiary).

Financial Requirements

- 1.5 The business is financed by way of loans and share capital.
- 1.6 TEL has the use of intellectual property owned by Thameswey Limited (TL) and is obliged to pay an annual licence fee of £1,000. At its discretion TL also charges a project fee for capital work of up to 4% of the value of the works. These fees are used to benefit the residents of the borough as TL contributes towards environmental, social and carbon dioxide equivalent emission reduction projects. Further information on the projects that have benefited from these funds is provided in the Thameswey Limited business plan.
- 1.7 The current programme of planned capital expenditure over the next three years is shown in the table below and described in Section 3 of this Business Plan. Major Capex beyond 2020 has not been identified at this stage, and will be largely determined by the opportunities for new connections arising from new development activity at that time. Where reference is made to future connections to supply energy to new developments, these will be subject to planning approval and contractual negotiations.

	2017	2018	2019	2020	TOTAL
Victoria Gate Connection	£230,000	£0	£0	£0	£230,000
Doubletree Modifications	£0	£120,000	£0	£0	£120,000
Town Centre Optimisation/Refurb	£160,000	£75,000	£50,000	£50,000	£335,000
Increased Chiller Capacity	£19,000	£255,000	£0	£0	£274,000
Elizabeth House Connection	£204,000	£148,000	£70,000	£0	£422,000
Chertsey Road network extension (incl. 121)	£0	£300,000	£390,000	£0	£690,000
Kings Court Connection	£0	£131,000	£0	£0	£131,000
Rat & Parrot Connection	£0	£100,000	£100,000	£0	£200,000
Church St East 'relief ring' upgrade2	£0	£0	£0	£310,000	£310,000
Woking Park Optimisation	£79,000	£125,000	£50,000	£0	£254,000
Town Centre CHP Overhaul	£290,000	£0	£0	£0	£290,000
Poole Road			£25,000,000	£1,000,000	£26,000,000
TOTAL	£982,000	£1,254,000	£25,660,000	£1,360,000	£29,256,000
Table excludes capital contributions from Customers					

Current Business Position

1.8 The current business priorities for TEL are:

- Completion of phased replacement of aging primary energy assets in Woking Park
- Expansion of existing distribution infrastructure to supply new developments in the eastern half of Woking town centre
- Construction of new energy generating capacity and distribution infrastructure to supply the Victoria Square scheme and other major developments elsewhere in the town centre

Major Achievements since the last business plan

- 1.9 During 2016, the low carbon heat, cooling and electricity generated by Woking Town Centre Energy Station and Woking Park CHP reduced carbon dioxide equivalent emissions by 1,048 tonnes (as compared to the emissions emitted in the production of an equivalent amount of grid energy). Woking Park CHP was awarded its highest efficiency rating in the last five years (as assessed by the Government's CHPQA scheme).
- 1.10 TEL's solar PV installations generated 344MWh of renewable electricity, compared with 231MWh during 2015 (an increase of 33%). This reflects in part work carried out to improve output from some of the larger and older PV installations systems.
- 1.11 Victoria Gate office refurbishment signed up and work commenced to connect to the town centre district heat and cooling networks.
- 1.12 Planning consent was granted for the Poole Road energy station, along with major new heat and power distribution networks that will serve the Victoria Square scheme along with other major developments in the town centre.

Company Ownership & Governance

- 1.13 Thameswey Energy Ltd is a private Limited Company registered in the United Kingdom and is a 100% subsidiary of Thameswey Limited (the holding company of the Thameswey Group), which is in turn solely owned by Woking Borough Council. TEL has a wholly owned subsidiary company, Thameswey Central Milton Keynes Limited (TCMK) which provides embedded generation

facilities in the Central Milton Keynes area. Both companies have separate business plans and their results are not incorporated into the results of TEL.

1.14 The current board of Directors is set out below:

Barry Maunders	Independent Director (Chairman)
Cllr. John Kingsbury	Councillor Director
William Prescott	Independent Director
Peter Bryant	Officer Director
Douglas Spinks	Officer Director

Significant Assets

- 1.15 The Woking Town Centre Energy Station located in Victoria Way Car Park has been operational since 2001. The energy station includes a 1.3 MWe Deutz gas fired Combined Heat & Power (CHP) engine with two 1.2MW gas boilers, two absorption chillers and a thermal store to provide security of heat supply. This energy station provides heat, cooling and power to a number of buildings within the town centre. Distribution assets include district heat and cooling mains and an extensive 11,000v mains distribution system and seven HV substations.
- 1.16 TEL also owns and operates a number of sites previously developed by WBC. The largest of these installations is at Woking Park and includes a 0.84 MWe Jenbacher CHP engine. Other sites include a number of domestic sites with small scale CHP installations and over 700kWp of solar photovoltaic installations in the Borough. See Schedule 1.

2. Industry Outlook and Business Opportunity

Industry Outlook

- 2.1 Government support for the growth in decentralised energy is continuing with the roll out in 2017 of a new £320m fund investment to stimulate growth in heat networks. A further £10 million of Government funding will sponsor the Energy Systems Catapult on its Smart Systems and Heat Programme. The programme will help develop local energy plans alongside Local Authorities, and bring down the cost of energy bills, while supporting the development of the UK's low carbon heating projects.
- 2.2 The implications of Brexit have yet to be fully identified. A heavy reliance on parts and equipment supplied by manufacturers based in continental Europe has impacted on costs and charges as a result of currency exchange rates and will be subject to future trade deals. Where possible, UK-sourced components and equipment are now being used to reduce exposure to future price uncertainties.
- 2.3 Ofgem has announced significant reductions in the payments made by the National Grid to small 'embedded generators' for contributing to grid supplies at times of shortage. These will be phased in over the next three years (2018-2020) and will reduce both the payments received by TEL for exported power generated during winter triads, and the risk of higher charges for periods when TEL imports power.
- 2.4 There is significant growth in development of power storage technologies and new markets are emerging to support the electricity grid and local networks through fast-response reserve power.

This sector is expected to continue to expand as growth in scale and competition among suppliers brings down the capital costs.

- 2.5 There has been a recent emergence of new energy suppliers challenging the established 'Big Six' by offering supply contracts tailored for specific market sectors, such as green tariffs, communities energy suppliers and fuel poor households. This includes local authorities that have set up their own electricity and/or gas suppliers operating nationally. Examples are Bristol Energy and Robin Hood Energy (Nottingham).
- 2.6 The Heat Metering and Billing Regulations (2014) introduced new obligations relating to the distributed supply of heat, cooling and hot water. However, provisions in respect of metering of heat supplies to final customers within existing multiple occupancy buildings have been delayed pending revisions to the tools to be used for assessment of cost-effectiveness. A public consultation on a revised methodology for assessing the cost effectiveness of metering for district and communal heating networks and is expected during 2018.

The Business Opportunity

- 2.7 The growth in new development in Woking presents opportunities to connect new customers to TEL's existing networks and develop new generating and supply capacity. This is being progressed simultaneously through two routes:
 - Extension of the distribution infrastructure connected to Victoria Way energy station, connecting initially to Thameswey's development interests at Elizabeth House and 121 Chertsey Road, and new waste processing equipment to be located in the Peacocks; and,
 - The development of a new station at Poole Road, with networks serving Victoria Square and other major developments in the west of the town centre. In the longer term TEL will seek to extend the Poole Road new network to development sites south of the railway.
- 2.8 Ultimately, as each network grows the opportunity will arise to interconnect the two networks and provide additional operational resilience and capacity throughout the town centre. Poole Road also provides the opportunity for TEL to diversify its generating capacity with the potential to accommodate alternative and renewable generating and storage technologies to help secure further sequential carbon reductions in the energy supplied by the company.
- 2.9 Sheerwater Regeneration provides a major opportunity for TEL to supply low carbon energy to a major new community outside of the town centre. As the early phases of the development include non-residential uses, these will be capable of providing 'anchor load' demand which can be extended to serve some of the residential phases. The infrastructure and services designs for Sheerwater will include assessment of energy generating technologies that will ensure long term carbon savings.
- 2.10 The introduction of battery storage technologies 'behind the meter' alongside existing and new CHP and solar power generation will be explored in TEL's primary generating stations and also its PV sites. Initial discussions have commenced with a single supplier to test the economic and technical proof of concept, with a view to deployment during the business plan period.
- 2.11 The emergence of niche or local licensed energy suppliers presents an opportunity for Thameswey to enter a growing market that challenges the large utility companies. This may

offer Thameswey opportunities to manage regulatory risks as it grows the number of directly supplied customers, whilst also expanding its customer base beyond those physically connected to its networks. Further exploration of this business model is proposed to understand the potential benefits and risks of this approach to business expansion.

- 2.12 The opportunity exists for TEL (and TMSL) to assist the Council in meeting its statutory obligations in respect of heat metering tenants in council properties supplied by TEL. TEL's supply chain, combined with TSCL's meter data handling personnel and TMSL's engineering resource can help ensure the Council is compliant with the emerging obligations under the Heat Metering Regulations.
- 2.13 The Council's adopted strategy for sustainable development ('Woking 2050') provides a number of opportunities for TEL to assist in the delivery of the Council's sustainable development objectives. These include a number of areas where TEL is already actively delivering outcomes (for example providing renewable and low carbon energy, promoting energy efficient homes and initiatives to help reduce fuel poverty), as well as other areas where new opportunities exist for the company to contribute to project delivery (such as helping to provide electric vehicle charging infrastructure and assisting local businesses to switch to lower carbon energy supplies).
- 2.14 Thameswey's housing stock comprises over 260 properties that have no renewable energy supply. These provide an opportunity for TEL (and Thameswey Solar Ltd.) to increase its generation and supply of renewable energy through the installation of small scale solar PV and/or solar thermal energy on Thameswey's own stock.
- 2.15 There is the opportunity for TEL to negotiate with the Council and TMSL for the operation and maintenance of small communal boilers and plant through a service level agreement. As part of this arrangement TEL would consider opportunities for communal plant to be supplemented with renewable technology such as solar thermal.

Investment strategy for Woking town centre

- 2.16 The investment strategy adopted in the 2017-2020 Business Plan focused on meeting the growth in energy demand arising from the planned growth and redevelopment in Woking town, through investment in upgrading and extending existing assets and building new energy generating and plant and distribution infrastructure. It set out three priorities for investment to achieve this:
 - 1) Optimising the performance of existing assets;
 - 2) Increasing capacity to supply new customers through additional generating assets and extending TEL's distribution infrastructure;
 - 3) Planning for replacement of aging assets with new, lower carbon and/or renewable energy technologies.

This investment strategy is continued into the new Business Plan.

- 2.17 The Victoria Way town centre energy station will reach 20 years in operation during the Business Plan period. During 2017 work started on a number of measures to improve efficiency of existing plant and increase supply capacity from existing energy generation and distribution assets. Additional capacity to generate chilling is also planned as this currently has very limited spare capacity. This work is expected to continue into 2018, with reduced expenditure thereafter.

- 2.18 The investment strategy assumes continued opportunities for growth through new development coming forward in the town centre. A number of schemes located close to TEL's existing networks in the east of the town have sought planning consent (including 121 Chertsey Road and the former Rat and Parrot), and other major redevelopments are anticipated in the current Business Plan period near to Church Street East. These connections will be subject to individual investment appraisal, at which time their contribution to the cost of connection will be quantified.
- 2.19 Planning consent has been granted for a new energy centre on land at 9/9a Poole Road and construction of this facility as part of a new mixed used development will commence during the Business Plan period. The Poole Road energy centre and new networks will enable TEL to significantly increase its existing generating capacity in the town centre.
- 2.20 As the 'headroom' of capacity available to new customers at Victoria Way energy centre to meet new customer loads decreases, the opportunity will be available to supply new customers via inter-connection of the new and existing district heat and cooling networks.
- 2.21 In addition to meeting anticipated growth in energy demand, TEL is considering how it generates the energy it supplies in future. TEL's district energy networks are currently wholly dependent on natural gas as the primary fuel to generate heat, cooling and power. Future changes in the way the UK's primary energy is supplied may impact on the environmental benefits and costs of energy supplied by TEL. Recent years have seen a steady reduction in the carbon intensity of the UK's electricity mix supplied over the grid with the increase in wind and solar power and switch away from coal-fired power stations. These movements in the energy mix of grid electricity directly impact on the relative carbon savings provided through gas fired CHP. In the short term TEL will consider opportunities to reduce the carbon intensity of its energy supplies through measures such as purchasing 'green gas' certificates as part of its primary energy. Longer term measures include ensuring the Poole Road energy centre is designed to enable greater flexibility in the mix of primary energy used.

3. The Business Model

Sources of Revenue

3.1 TEL's revenue in 2016 from energy sales and energy service charges is summarised in the table below.

	2015	2016
	<i>Actual</i>	<i>Actual</i>
	£	£
Electricity	1,034,629	967,918
Electricity Export	87,825	130,105
Triad Income	(10)	12,584
Heat	521,837	428,500
Cooling	97,342	114,051
Standing Charges	228,698	222,565
Admin Charges	19,975	16,999
Energy Service Charge	1,351,802	1,366,287
Sale of ROCs	12,033	6,615
Feed in Tariff	16,150	19,554
Plant Maint Recharge		0
Non Trading Income		0
	3,370,280	3,285,177

Major Operational Costs

3.2 The most significant costs that the company incurs are primary energy costs (natural gas and electricity import) and operation and maintenance (O&M) costs.

3.3 During 2017 primary energy costs have been more stable after a period of volatility during 2016. However, as TEL's supply contracts for commercial customers link the energy tariffs charged to customers using a formula based on RPI and the UK natural gas price index this has negatively impacted on revenues from energy sales. Whilst this pricing formula provides TEL's business model with some protection against volatility in wholesale energy prices, the net effect of falling wholesale energy prices is adverse for TEL.

3.4 Engine services and major asset renewal completed during the year are capitalised to be depreciated on the future running hours.

Operational Plan

3.5 Changes to the Operational Plan will be introduced over the course of the Business Plan to achieve the following outcomes:

- Installation of automatic meter reading (AMR) to replace the last remaining manually read meters, along with integration of meter data into the Ista system
- Control of planned maintenance regimes using QFM software for Victoria Way and Woking Park energy centres, and (once operational) Poole Road

- Growth in the number of customer accounts from connection of major new developments in Woking town centre (managed through re-organisation and expansion of the Customer Services team in TSCL)

Capital Investment

- 3.6 Capital expenditure during 2017 has focused on major plant refurbishment and replacement at Victoria Way energy centre as part of a programme to extend the operating life of the energy centre and meet the growth in energy demand through redevelopment in the eastern part of the town centre. This has included major engine overhaul, refurbishment of the chillers and development of a new SCADA (control) system for Victoria Way and Woking Park. In addition, the connection of Victoria Gate to the town centre district heat, cooling and electricity supplies has been completed.
- 3.7 During 2018 planned capital expenditure at the Victoria Way energy centre includes the installation of additional chiller capacity to meet increased cooling demand arising from new connections. A budget sum of £274,000 has been included in the capex investment plan which will be firmed up following further technical appraisal.
- 3.8 Investment in further expansion of the network is anticipated over the next 2-3 years to connect new developments in the eastern half of the town centre, including Thameswey's sites at 121 Chertsey Road and Elizabeth / Cornerstone House. The investment required by TEL for each new proposal that comes forward in the town centre will be modelled and considered on its own merits. The total estimated capital costs for new connections are included in the investment plan. Contributions towards these costs will be sought from developers during commercial negotiations.
- 3.9 Work will be carried out during 2018 to provide new HV (high voltage) private wire network capacity to serve the Victoria Square scheme and other new developments throughout the town centre. This will also provide the opportunity to provide future reinforcement to the existing town centre private wire network.
- 3.10 Investment in the Poole Road energy centre and new distribution networks has been approved by the TEL and TL Boards and Woking Borough Council. The capex for this will include a contribution by Victoria Square Woking Ltd (VSWL).
- 3.11 The current business plan (excluding Poole Road) forecasts an average annual rate of return of 3.5% and in the future a minimum of 4.5% has been adopted for investment appraisal models for major capital expenditure. This is in line with current commercial expectations.

Assumptions and Critical Factors in Model

- 3.12 TEL has a financial model which has been used to make long term financial projections. The model is updated each year to reflect the previous year's activity and any updates on market forecasts. The model also takes into account new projects / connections, engine running strategies and capacity of the engines.
- 3.13 The model assumes that inflation will run at 2.0% per annum for the business plan period. In practice short term inflation rates will vary. Increased inflation will provide an improvement in

the return for the company due to increasing revenues and margins. As referred to above commercial customer prices are based on the gas index price and inflation, thereby reducing risk to the business.

- 3.14 The nature of the Council's investment is long term. The established business has an underlying sound foundation with a good customer base and considerable opportunity for growth. The business plan covers the financial period 2018 to 2021 in detail, as this can be accurately predicted. However the economic model has been extrapolated into the future to facilitate the established business including Poole Road energy station.

4. Financial Plan

Finance Structure

Appendix 2 shows the Finance Structure of TEL

- 4.1 TEL is financed by both share capital and loans. TL (ultimately WBC) has a nominal total of £4,556,350 in share capital finance in TEL, £1,110,000 of this share capital was used by TEL to invest in its subsidiary TCMK.
- 4.2 WBC charges TEL a margin on its loan rates which is used for the benefit of the Council. In 2017 the re-scheduled loan will contribute approximately £241,000 to WBC in the form of loan margin.

Shareholder Return on Investment

- 4.3 Average annual return on investment has been calculated up to 2035 as 3.5% in the 2016 business plan. Additional connections are calculated by individual business cases and are required to meet a minimum of 4.5%.
- 4.4 Poole Road business case expects to achieve a minimum rate of return of 4.1%, however additional capacity can be supported and expectations are at least 4.5% will be achieved over the business case period.
- 4.5 The addition of the new energy station in Poole Road is expected to return the business to profit by 2027, and accumulated profit by 2034. Dividends will be paid to WBC from 2050. Shareholder return in 2069 delivers 4.5%

Appendix 3 shows the other benefits to WBC.

Profit & Loss Account

- 4.6 The profit & loss account has 2016 actual data as a comparator, against 2017 expected overrun, and a budget for 2018 to 2021.
- 4.7 The budget has been based on historical costs, expected inflation and modelled revenue and costs. TEL has a good level of confidence in the budget. It should be noted that increases in the gas price index lead to increases in the prices charged to commercial customers with prices calculated on a monthly basis, this helps to reduce financial risk to TEL.

- 4.8 Amortisations of grants from connections are written off over the contract term, to match capital investment depreciation.
- 4.9 Poole Road income and associated costs are expected to commence in 2019, although steady state is not expected until 2028.
- 4.10 The plan shows an increasing profit (before interest, tax and depreciation) with the introduction of Poole Road, however due to loan interest and depreciation being incurred, losses are increasing in the business plan period.
- 4.11 The business will return to producing an annual profit in 2026

Appendix 4 shows the Profit & Loss Account for the business plan period

Balance Sheet

- 4.12 Capital expenditure increases in 2019 to reflect Poole Road energy station.
- 4.13 Lombard loans will be fully repaid in 2018, resulting in funding only from WBC from this point.
- 4.14 Loan requirements from WBC have been agreed for Poole Road, and no additional funding is required during the business plan period. However if the customer base increases, potential funding may be required to support infrastructure investment

Year	Funding Requirement	Purpose
2018	£0	No Funding Required
2019	£23M	Poole Road Development
2020	£1M	Poole Road Development
2021	£1M	Poole Road Development

Appendix 5 shows the detailed balance Sheet for the business plan period

Cash Flow

Appendix 6 shows the forecast Cash Flow

Appendix 1: Sites operated by TEL

Location	TEL Facilities	Site owner
Victoria Way Energy Station	CHP	TEL
Woking Leisure Centre/Pool in the Park	CHP / Photovoltaics	WBC
Broadway House / The Vyne	CHP / Photovoltaics	WBC
Brockhill	CHP / Photovoltaics	WBC
Bunyard Drive	CHP	WBC
Ferney Court*	Photovoltaics	WBC
Hampton Close (Cranmer and Wolesley Courts)	CHP	Thameswey Housing Ltd
Nightingale Court *	Photovoltaics	WBC
Nottingham Court	Photovoltaics	WBC
Priors Croft *	CHP / Photovoltaics	WBC
Stream Close (St. Marys) *	CHP / Photovoltaics	WBC
Sunnyside *	Photovoltaics	WBC
Tudor Court	CHP	Greenoak Housing
Wesco Court *	Photovoltaics	WBC
Woodlands House (Parkview) *	CHP / Photovoltaics	WBC

*WBC sites with plant rooms operated by TEL

Appendix 2: TEL Finance Structure

Share Capital Summary	Total Share Capital £
Date	
01.06.2000	720,000
01.02.2002	920,000
01.10.2003	800,450
31.12.2005*	1,110,000
Nominal Value	3,550,450
31.12.2004 Discount	-494,100
Net Purchase Price As At 01.01.2006	3,056,350
30.12.2011	500,000
30.07.2012	500,000
24.12.2012	500,000
	4,556,350
Total Share Capital As At 31.12.2016	0

* Invested in TCMK

Appendix 3: Benefits to WBC

Year	Description	Value
2016	Net Interest Margin	£290,909
	Carbon Dioxide Emission Savings	1,400 tonnes
	Capital Project Fees paid to TL for investment in energy & environmental projects in the borough	0
	Payment of NNDR	£18,832
	Assist WBC in its Climate Change Strategy	
2017	Net Interest Margin	£241,130
	Carbon Dioxide Emission Savings	TBC
	Capital Project Fees paid to TL for investment in energy & environmental projects in the borough	£0
	Payment of NNDR	£19,209
	Assist WBC in its Climate Change Strategy	

Note: Capital Project Fees will be payable to TL in 2018 as connections under construction are completed.

Appendix 4: Detailed Profit & Loss Account for the period 2016-2021

	2016	2017	2018	2019	2020	2021
	Actual	Forecast	Budget	Budget	Budget	Budget
	£	£	£	£	£	£
Turnover	3,285,177	3,388,092	3,457,334	4,087,293	4,587,428	5,315,944
Cost of Sales						
Cost of Gas	605,018	610,202	646,913	789,843	854,831	983,624
Cost of Electricity Import	693,796	699,741	741,839	905,742	980,266	1,127,957
Climate Change Levy	20,943	21,122	22,393	27,340	29,590	34,048
Cost of Water	19,570	19,738	20,925	25,549	27,651	31,817
Plant Maintenance	176,501	178,013	188,723	230,420	249,379	286,951
Total Cost of Sales	1,515,828	1,528,817	1,620,792	1,978,894	2,141,717	2,464,397
Gross profit/(loss)	1,769,348	1,859,275	1,836,542	2,108,399	2,445,712	2,851,547
GP % of turnover	53.9%	54.9%	53.1%	51.6%	53.3%	53.6%
Indirect Costs						
Administration Charges	109,396	112,968	114,519	173,190	180,408	217,928
Data Collection/Metering	714	2,574	2,626	2,678	2,732	2,786
Energy Management	18,341	9,675	9,869	13,126	13,388	13,656
Customer Services	0	293	299	305	311	317
Rent, Rates & Utilities	13,020	15,021	15,322	20,378	20,786	31,178
Insurance	58,809	61,266	62,491	83,113	84,775	86,471
Prof Fees - Legal	27,556	18,643	19,015	19,396	19,784	20,179
Prof Fees - Consultancy	20,287	24,489	24,979	25,479	25,988	26,508
Audit & Tax Advice	9,250	6,042	6,162	6,286	6,411	6,540
Trade Mark Fees	1,000	1,000	1,000	1,000	1,000	1,000
Non Exec Remuneration	9,318	9,571	9,763	9,958	10,157	10,360
Bank Charges	2,113	2,421	2,470	2,519	2,569	2,621
Bad Debts	7,603	1,669	1,703	1,737	1,771	1,807
Doubtful Debt Provision	-981	-1,707	-1,741	-1,776	-1,812	-1,848
Total Costs	276,426	263,925	268,475	357,387	368,268	419,503
EBITDA	1,492,922	1,595,350	1,568,067	1,751,013	2,077,444	2,432,044
Depreciation	928,681	955,092	1,037,420	1,578,515	1,615,723	1,648,985
Amortisation	36,281	40,781	52,781	128,781	128,781	124,243
Operating Profit	600,522	681,039	583,428	301,279	590,502	907,302
Finance Income	7,610	3,500	3,500	1,000	1,000	1,000
Finance Costs	800,657	774,289	747,655	1,534,530	1,534,141	1,531,597
Profit/(Loss) Before Tax	(192,524)	(89,750)	(160,727)	(1,232,251)	(942,639)	(623,295)
Corporation Tax Prov.	1,522	0	0	0	0	0
Profit/(Loss) After Tax	(194,046)	(89,750)	(160,727)	(1,232,251)	(942,639)	(623,295)

Appendix 5: Forecast Balance Sheet

	2016	2017	2018	2019	2020	2021
	Actual	Forecast	Budget	Budget	Budget	Budget
	£	£	£	£	£	£
FIXED ASSETS						
Land & Buildings	358,840	350,501	342,162	15,181,347	14,869,998	14,558,648
Plant & Machinery	12,423,908	12,268,772	12,861,310	22,522,783	22,672,471	22,452,738
Engine Service	7,731	246,127	205,508	164,889	124,270	122,838
Assets Under Construction	192,276	117,276	42,276	0	0	0
	12,982,754	12,982,676	13,451,256	37,869,019	37,666,738	37,134,225
LONG TERM INVESTMENTS						
TCMK Share Capital	1,110,000	1,110,000	1,110,000	1,110,000	1,110,000	1,110,000
CURRENT ASSETS						
Trade Debtors	287,480	424,737	288,111	340,608	382,286	442,995
Provision for Doubtful Debts	(13,564)	(11,535)	(14,406)	(17,030)	(19,114)	(22,150)
Corporation Tax	163,024	163,024	163,024	163,024	163,024	163,024
Accrued Income	189,971	132,769	172,867	204,365	163,492	130,793
Prepayments	4,225	52,639	52,639	52,639	52,639	57,639
Parts in Stock	57,779	41,730	37,745	46,084	49,876	57,390
Short Term Deposit	148,352	0	0	0	0	0
Bank Account	2,004,053	1,547,770	151,688	597,845	35,411	114,038
	2,841,320	2,351,135	851,668	1,387,535	827,613	943,730
CURRENT LIABILITIES						
Trade Creditors	121,174	455,709	135,066	164,908	178,476	205,366
Service a/c Woking Park	115,516	151,516	151,516	151,516	151,516	151,516
Accrued Expenses	326,282	212,986	162,079	197,889	237,467	284,961
VAT Payable	115,310	21,492	18,365	21,084	24,457	28,515
Group Recharges	24,954	0	0	0	0	0
	703,235	841,703	467,026	535,397	591,916	670,358
NET CURRENT ASSETS	2,138,085	1,509,432	384,642	852,138	235,697	273,372
LONG TERM LIABILITIES						
Long Term Loans	14,195,783	13,718,323	13,214,021	35,510,312	35,763,011	36,015,710
Grants/Contributions	719,498	678,717	805,936	4,627,155	4,498,374	4,374,132
TCMK Lombard Deposit	139,140	118,400	0	0	0	0
	15,054,421	14,515,440	14,019,957	40,137,467	40,261,385	40,389,842
NET TOTAL ASSETS	1,176,418	1,086,668	925,941	(306,311)	(1,248,950)	(1,872,245)
CAPITAL & RESERVES						
Share Capital	5,050,450	5,050,450	5,050,450	5,050,450	5,050,450	5,050,450
P&L Account brought fwd	(3,679,986)	(3,874,032)	(3,963,782)	(4,124,509)	(5,356,761)	(6,299,400)
Profit/(Loss) YTD	(194,046)	(89,750)	(160,727)	(1,232,251)	(942,639)	(623,295)
	1,176,418	1,086,668	925,941	(306,311)	(1,248,950)	(1,872,245)

Appendix 6: Forecast Cash Flow to 2021

	2017	2018	2019	2020	2021
	£	£	£	£	£
Operating Activities					
Profit/(Loss) Before Financing	681,039	583,428	301,279	590,502	907,302
(Increase)/Decrease in Debtors	33,903	103,384	(89,709)	(2,513)	(37,490)
Increase/(Decrease) in Creditors	117,728	(481,076)	144,370	56,520	73,904
Add Back: Depreciation / Less Amortisation	914,311	984,639	1,449,734	1,486,942	1,524,742
ACTIVITIES	1,746,980	1,190,375	1,805,674	2,131,450	2,468,458
Investing Activities					
(Purchase)/Disposal of fixed assets	(955,014)	(1,506,000)	(25,996,278)	(1,413,443)	(1,116,471)
NET CASH FLOW FROM INVESTING ACTS.	(955,014)	(1,506,000)	(25,996,278)	(1,413,443)	(1,116,471)
Financing Activities					
Increase in Share Capital	0	0	0	0	0
Interest Received	3,500	3,500	1,000	1,000	1,000
Interest Paid	(774,289)	(747,655)	(1,534,530)	(1,534,141)	(1,531,597)
Grants Received	0	168,000	3,874,000	0	4,538
Loans Received	0	0	23,000,000	1,000,000	1,000,000
Loan Repayments	(477,460)	(504,302)	(703,709)	(747,301)	(747,301)
NET CASH FLOW FROM FINANCING ACTS.	(1,248,249)	(1,080,457)	24,636,761	(1,280,442)	(1,273,360)
NET INFLOW/(OUTFLOW) OF CASH	(456,283)	(1,396,082)	446,157	(562,434)	78,627
Cash Balance @ Beginning of Period	2,004,053	1,547,770	151,688	597,845	35,411
Cash Balance @ End of Period	1,547,770	151,688	597,845	35,411	114,038

End of Business Plan